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AGC Michigan
A CHAPTER OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA

AGC of Michigan Legislative Day
Issue Talking Points

Construction & the Economy

Construction has always played a major role in the U.S. economy. In peak years, construction accounted for as much 10% of the gross domestic product. AGC as an association has led the charge in promoting the importance of the construction industry to lawmakers and regulators. AGC began its clarion call for adequate infrastructure investment in the 1980s before infrastructure became a political "buzzword." And AGC had the foresight to hire an economist, Ken Simonson in 2001, to begin telling the construction industry's story nationwide.

- Construction is an economic driver. For every dollar spent on construction, almost 3.5 dollars are put into the economy. This economic 'ripple effect' includes direct construction jobs but even more indirect and induced jobs from the work put in place.

- As an industry construction continues to suffer one of the highest unemployment rates in the country. The national unemployment rate is over 8% while the construction unemployment rate is 17.2%. In Michigan, construction unemployment is as high as 30%, and has been even higher.

- Among the top 337 major U.S. metropolitan areas for which construction employment data is available, only two of Michigan's 15 areas added construction jobs between March 2011 and March 2012. Michigan is one of 25 states that lost construction jobs over the past 12 months.

- The Monroe metro area lost the highest percentage of construction jobs over the past 12 months of all 337 metro areas, with a loss of 36%. The Lansing-East Lansing area ranked 329th (ninth from the bottom) with a loss of 15%. Two other Michigan metro areas (Grand Rapids-Wyoming and Kalamazoo-Portage) suffered double digit losses (11% and 10%) as well.

- Michigan's construction industry began to wane over a decade ago. Since the industry's peak employment in April of 2000, the state has lost 42% of its construction jobs.

Overall, legislators should support public policy that is business friendly and helps enhance Michigan's economy, attract new businesses and boost job creation.

Senate Bill 770

Senate Bill 770 was introduced to make changes to Michigan's School Bond Loan program to help reduce the debt service that the state is paying on outstanding loans. However, the cap on the program would be hit relatively soon and cut off future loans for much-needed school infrastructure needs.

- Michigan's school facility deficit is estimated at $8.8 billion. Capping the School Bond Loan Program will make it virtually impossible to address the state's increasing school facility needs.

- Michigan is one of only 8 states that does *not* have a direct public school funding program. Once the bond program cap is reached, Michigan school districts will have no low-interest financing mechanism available to fund improvements.

Capital Outlay

Capital Outlay is the portion of Michigan's state budget that finances construction, renovation, remodeling, repair and maintenance of state-supported universities and community colleges.

- Michigan needs every competitive advantage it can get. Capital outlay funds can assist universities and community colleges in completing much-needed infrastructure projects. Not financing needed capital outlay projects can affect the competitiveness of the state's universities and Michigan needs to do everything it can to produce and retain college graduates.

- A recent Michigan Townships Association report ranked Michigan 48th among all states in overall capital outlay expenditures. Michigan must invest in itself, and this means investing in our state's infrastructure, in order to be competitive in the future.

Tell Your Personal Story

Legislators need to know what it is like to do business in Michigan. The good and the bad. Every AGC member can relate a personal story about doing business in Michigan. Inform your state legislators about your personal business situation, such as . . .

- Doing more work in other states.
- Projects being delayed or shelved altogether.
- Lack of financing for private construction; no capital expenditures on public construction.
- Sending employees with families to work in other states (while their families stay behind).
- Letting employees go. Instituting pay cuts.